

OREM CITY COUNCIL RETREAT

The Homestead
700 North Homestead Drive
Midway, Utah 84049
February 5, 2016

2:00 P.M. RETREAT

CONDUCTING

Mayor Richard F. Brunst

ELECTED OFFICIALS

Councilmembers Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director; and Chris Tschirki, Public Works Director

Mayor Brunst welcomed all in attendance. He reviewed the agenda for the retreat, and turned the time to Mr. Davidson and Mr. Bybee for discussion.

Mr. Davidson and Mr. Bybee led a discussion with the Mayor and City Council about the accomplishments of the past year. The discussion focused on the goals set by the Council at the retreat held in 2015. Those goals were:

- Harmony
- UTOPIA
- Communications
- Utility Master Planning
- Employee Development
- City Facilities
- Economic Development
- Financial Sustainability

Mr. Davidson asked the Council to assess the progress made for each goal. The general consensus was that progress had been made in each area, and there were goals that still needed improvement. UTOPIA was identified as the area that needed the most improvement from the list.

Mr. Tschirki led a discussion about the utility rates and master plans. He shared a quote from Tai Riser, Public Works Advisory Commission Chairman, which said, *"The Public Works Advisory Commission supports a pay-as-you-go funding model whenever possible. Bonding should only be considered to pay for large projects that are urgent and need a large sum of money up front, such as water tanks, water reuse, meter replacements, wells, or other similar projects."* Mr. Tschirki shared a slide presentation which included graphical representation of total monthly bills for the water, sewer, and storm water utilities. He reviewed with the Council the proposed 5-, 7-, and 10-year rate increase options. He shared some projections for cost per year if bonding

was used to fund the projects. He went through the timeline for the adoption of the utility master plans and emphasized that a preferred rate plan would need to be adopted as well.

Mr. Tschirki reviewed the pros and cons of using either a pay-as-you-go funding option or a bond funding option:

- Pay-as-you-go: Pros and Cons
 - Pros
 - Pay no interest
 - Accumulate no debt
 - Cons
 - Must save over extended period for large, urgent projects
 - Accomplish less immediately
 - Current users pay
 - Future users enjoy the benefit without paying
- Bonding: Pros and Cons
 - Pros
 - Accomplish more immediately
 - Spread cost over time
 - All users pay
 - Large, urgent projects can be accomplished now
 - Cons
 - Pay more in interest
 - Extended period pay-off
 - Extended debt

The Council had a brief discussion about the proposed 5-, 7-, and 10-year plans for utility rate increase options, and the different advantages to pay-as-you-go versus bonding.

***The Council took a break at 4:50 p.m.*

***The meeting resumed at 5:00 p.m.*

Mayor Brunst invited Mr. Manning to present information about the FY 2016-2017 Budget – Revenues and Priorities.

Mr. Manning shared a presentation on information about the City's General Fund revenues. One slide showed a property tax comparison with other cities of similar size to Orem. Mr. Manning said \$1,000 in 1978 had the same buying power as \$3,635 today. He said if property tax had kept pace with inflation the City would have \$22 million per year, which was a little more than the cost of police and fire. The City received \$119 for every \$100,000 of business valuation and \$65 for every \$100,000 of residential. He said the rule of thumb was to cover the cost of police and fire with property tax due to the stability of property tax as a revenue stream. If property tax had increased at ½ the rate of inflation, then add in the fees the City collected for police and fire type services, ambulance, Lindon and Vineyard fire, police reports, etc., then the cost of police and fire would be covered. The rate for a typical \$250,000 home would have increased from \$163 to \$297.

Mr. Manning said the State was projecting a 5.392 percent increase in sales tax in FY '17. The City typically would lag the State's projected growth. Presently, the City was on a trend to reach \$19.5 to \$19.6 million in FY '16. The Utah and national economies were projected to continue with slow growth; 2.0-2.5 percent range for the nation. Utah County led the nation in job growth last year at 6.7 percent with an unemployment rate change of 0.7 percent. Wages increased in the County by 1.9 percent. He said a simple way to project sales tax growth was to add the percentage drop in unemployment to the wage growth sums to 2.6 percent. Add this to our projected sales tax receipts in FY '16 and the City should expect to receive \$20 million to \$20.1 million in FY '17.

Mr. Manning reviewed information about franchise tax amounts and sources. He said Franchise Tax consisted of a 6 percent tax on electricity, natural gas, water, sewer, and a 3.5 percent tax on telephone and cable. This tax was subject to the rise and fall of the economy as well as extremes in weather.

There was discussion about the fluctuation in revenues from various city services, including ambulance and 911 services, cemetery lot sales and burial fees, and utility fees. Mr. Manning said there would be continuing conversations about the General Fund and City revenue sources as they prepared to finalize the FY 2016-2017 Budget.

Mayor Brunst went over the agenda for the second day of the retreat. The Council then participated in social activities and adjourned for the evening at 9:30 p.m.

OREM CITY COUNCIL RETREAT

The Homestead
700 North Homestead Drive
Midway, Utah 84049
February 6, 2016

8:00 A.M. RETREAT

CONDUCTING

Mayor Richard Brunst

ELECTED OFFICIALS

Councilmembers Debby Lauret, Sam Lentz, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; and Brenn Bybee, Assistant City Manager

Mayor Brunst welcomed everyone back and reviewed the day's schedule.

The Council discussed some Council concerns, specifically public noticing requirements and the Good Landlord program. There had been some concern about the radius used to send notice about public hearings. The City's policy on notice was updated in 2003 and expanded, beyond the State requirement of 300 feet of the site, to 500 feet. The information handed out showed the notice requirements of other Utah cities, which were either at 300 or 500 feet.

The Good Landlord program was a program Orem was considering to implement. It would be an incentive program aimed at addressing aspects of property management that might encourage the elimination of code violations and public nuisances while controlling and preventing illegal activity on rental properties that could affect the quality of life within Orem neighborhoods. Other cities had implemented the program, which created significant additional workload. If Orem were to implement the program, an additional staff member would be required to manage the workload. There would be a cost to be included in this program, and it seemed likely the costs would be shared between landlord and tenants.

Some other items of discussion were:

- Hold some Town Hall meetings or "Ask me any question" meetings with the public
- Set aside an hour in Work Sessions just for Committee reports and/or open discussions
- Create a "Wedge" Master Plan (for the area in between Geneva Road and I-15)
- Have some CARE funds go toward field maintenance for recreation
- Create a one-page Executive Summary of the accessory apartment rules for the Council
 - Come up with an education effort over the next 6 months that helps home-owners know how to come into compliance
 - Work with the Apartment Association

***The Council took a break at 10:00 a.m.*

***The meeting resumed at 10:10 a.m.*

Mayor Brunst and Mr. Davidson updated the Council about UTOPIA and UIA. Some ideas mentioned during the subsequent discussion were:

- Have an employee become an expert on how to get people signed up for UTOPIA
- Find out what it would cost to do micro-trenching throughout the City
- Look into the feasibility of “banning exclusive provider agreements” that do not allow UTOPIA to be offered in their development
- Use Utility Billing to notify people that they are eligible to sign up for UTOPIA
- Consider enterprise fund and associated utility fee for UTOPIA debt retirement
 - But keep in mind timing of Water/Sewer/Storm Drain utility fee increases
 - Perhaps could be done in association with Street Light fees going down

The Council then had a discussion about City facilities, focusing much of the conversation on the City Center building. The City Center building was in need of many upgrades. The Council discussed using the City Center node as a “kick-off” or starting point for the State Street Master Plan. They also discussed the City Center campus buildings, like the courthouse and recreation facilities. They wanted to make sure they were good stewards for City amenities.

***The Council took a lunch break at 12:00 p.m.*

***The meeting resumed at 12:45 p.m.*

Mr. Davidson led a discussion on the City Council’s 2016-2017 goals/areas of focus. He asked the Council to identify specific areas of focus that would be their “Wildly Important Goals” or WIGs. Two WIGs the conversation focused on were a City Center Plan and UTOPIA. They felt those were important issues facing the City and planned to focus on these issues in the future.

Mayor Brunst thanked the Council members for their hard work and dedication in service to their community. He expressed appreciation for the efforts of city staff to make the retreat the successful event it had been.

The meeting adjourned at 2:00 p.m.

Donna R. Weaver, City Recorder

Approved: March 8, 2016